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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Market Structure Branch**

**RESOLUTION T-16722
January 16, 2003**

R E S O L U T I O N

RESOLUTION T-16722. VERIZON CALIFORNIA INC (U-1002-C).
REQUEST TO ADD PROVISIONS TO EXISTING CENTRANET
AGREEMENT WITH AMI TELECOMMUNICATIONS (AMI).
ADDENDUM NO. 2 INCORPORATES SHARED TENANT SERVICES
GUIDELINES INTO THE AGREEMENT. ADDENDUM NO. 2 ALSO
INTRODUCES TERMS AND CONDITIONS GUIDING THE
TREATMENT OF INDIVIDUAL END-USERS OF CENTRANET
SERVICE.

BY ADVICE LETTER (AL) NO. 10131 FILED ON JUNE 20, 2002.

Summary

This resolution denies Verizon California Inc.'s (Verizon) request in Advice Letter (AL) No. 10131 to add provisions to an existing CentraNet Agreement with AMI Telecommunications (AMI). The additions incorrectly apply Shared Tenant Services (STS) guidelines to the CentraNet agreement. STS guidelines are meant to govern PBX-type services, and CentraNet service is not a PBX-type service. Additionally, Verizon introduces terms and conditions guiding the treatment of individual end-users of CentraNet Service. These terms and conditions would negatively impact the individual end-users without giving them notice or an opportunity to opt out of the new contract.

Background

In approximately 1991, Ted Bettker of Mammoth Creek Condo rentals, a management service for condominium owners in the Mammoth Lakes area, signed a contract with AMI to offer toll blocking to the individual owners of the condominiums. The condominium owners were already receiving local exchange service from Contel of

California (Contel), a predecessor of Verizon.¹ In order to receive AMI's service, owners had to request it from AMI and subscribe to CentraNet service or Feature Group D through Contel.

Over the years some owners terminated their toll blocking service with AMI. They retained their telephone numbers and, at no charge, resumed service under Verizon's local residence tariff. In late 2001, Ted Bettker informed AMI that he would not be renewing the contract with AMI, and that he was shopping around for a competitive toll blocking service. AMI's response, dated January 4, 2002, stated that pursuant to its contractual obligations with Verizon, AMI would retain all subscribers' telephone numbers taking CentraNet service. The letter also informed condo owners that they would have to pay Verizon to re-establish local telephone service.

On June 20, 2002, Verizon filed AL No. 10131 to add Addendum No. 2 to an approved Agreement to Provide CentraNet Service to AMI. The current Agreement became effective August 25, 1998, pursuant to Advice Letter No. 8800. The current Agreement is written as though AMI were using CentraNet for its own internal use. Since AMI is in fact providing CentraNet lines to individual end-users (who in this case are the condominium owners) Addendum No. 2 introduces terms and conditions relating to treatment of individual end-users of CentraNet service. The addendum also incorporates part of the STS guidelines into the agreement.

On July 5, 2002 Resort Network Services, LLC (RNS) protested Verizon's AL No. 10131. RNS is a competitor of AMI and is interested in offering service to condominium owners in the Mammoth Lakes area. RNS alleges that AL No. 10131 unlawfully gives AMI control of telephone numbers that were originally assigned to Verizon (or its predecessors) local exchange customers. RNS states the proposed AL would prevent AMI's end-users from retaining their telephone numbers when they transition from AMI's service back to Verizon's tariffed residence service.

RNS also protests Verizon's stated intention to incorporate STS guidelines into its agreement with AMI on the basis that AMI is breaking the STS guidelines by 1) restricting the condominium owners' wish to take service from a competitor, and 2) not issuing bills to its end-users.

RNS claims that the proposed AL would, if approved, legitimize AMI's attempts to thwart competition, by allowing AMI to keep its end-users' telephone numbers and by making it costly for the end-users to terminate service with AMI and to re-establish service with Verizon. RNS asks the Commission to order Verizon to honor its

¹ A merger between Contel and GTE of California became effective on March 1, 1998 through Advice Letter 8633. With the merger of the former Bell Atlantic and GTE parent corporations on June 30, 2000, the merged company changed its name to Verizon. GTE of California went through the required processes to change its name and began using the national name virtually immediately.

continuing obligation to provide local service to the condominium owners without requiring any owner to change his or her existing telephone number or pay any additional charges.

RNS also protests Verizon's redaction of the telephone numbers to which the agreement between AMI and Verizon pertains. RNS alleges that Verizon's redaction of the relevant telephone numbers is unlawful under D.94-09-065.² This decision contains a section that allows local exchange companies to redact customer names to protect their privacy, at the customers' request.

Verizon responded to RNS' protest on July 18, 2002 and subsequently revised its response on July 22, 2002. Verizon argues that the telephone numbers at issue in the protest were properly assigned to AMI and not to AMI's end-users. Verizon reiterates that Addendum No. 2 gives AMI the right to place or locate the telephone numbers where they choose since the numbers are part of the CentraNet service. Verizon also asserts that numbers must be returned to Verizon when AMI terminates its CentraNet agreement with Verizon.

In subsequent communication with the Commission on November 21, 2002, Verizon further explained its claim that numbers were properly assigned to AMI. In some cases, AMI received numbers associated with CentraNet lines, and in turn assigned these numbers to its end-users. However, in other cases, individual end-users already had a residential line prior to taking AMI's toll blocking service. When these end-users wanted to convert their service to AMI CentraNet, Contel would associate the end-users' line with AMI CentraNet without requiring the end-user to take a number change. This process is called supersedure. Contel also allowed the reverse, so that an end-user wishing to discontinue service was not required to take a number change. Verizon explained that it does not follow the same practice as Contel. Verizon's tariffs dictate that supersedure is only allowed in cases where the end-user takes the same service. Since CentraNet is a different service than residential service, Verizon does not allow supersedure for the end-users of AMI CentraNet.

Verizon has in fact recently allowed an end-user of AMI CentraNet to transition back to local residence service while retaining her original phone number. The protestant submitted a copy of an email sent on or after June 10, 2002 by a end-user, Susan Denny, who was trying to transition back to Verizon local residence service. Susan Denny was eventually allowed by Verizon to retain her original phone number although she was required to pay to re-establish local residence service.

² Decision 94-09-065 issued September 15, 1994. See Section X. Imputation and Contracts, B. Contracts, 3. Modification of Contract Guidelines, f. Public Disclosure Requirements, (4) Exceptions.

In response to RNS' claim that AMI is in abeyance of the STS guidelines, Verizon states that Addendum No. 2 actually requires AMI to comply with the guidelines. Verizon cites the provision that AMI may not place any restrictions on individual multiple users who may desire to subscribe to telecommunications services directly from Verizon or any other authorized telecommunications provider. Verizon also cites the provision that AMI shall be responsible for the payment of all charges billed by Verizon for CentraNet service.

Verizon disagrees with the charge that Addendum No. 2 indicates Verizon will not uphold its obligation to provide local service to individual property owners. Verizon states that Addendum No. 2 has no bearing on its obligation to serve the property owners.

Finally, Verizon defends its decision to redact customer telephone numbers. Verizon reasons that, since customer names may be derived from telephone numbers by using a reverse directory, customer confidentiality requires the telephone numbers to be redacted as well.

Notice/Protests

Verizon states that a copy of AL No. 10131 was mailed to each customer named in the contract as well as to interested parties and adjacent utilities and/or other utilities. Notice of the AL was published in the Commission Daily Calendar of June 24, 2002. RNS protested the Advice Letter in a timely manner.

Discussion

The bulk of Verizon's Addendum No. 2 to its Agreement with AMI incorporates language from the Shared Tenant Services (STS) Guidelines. Verizon recognizes that the current Agreement with AMI is written as though AMI is using CentraNet for its internal use and intends to reflect through the STS guidelines that AMI is actually providing CentraNet service to individual end-users. STS guidelines were adopted by the CPUC in D.87-01-063 and modified by D.87-05-009.

As guideline number one indicates, the Shared Tenant Services guidelines apply only to owners or operators of PBX-type switches.

"A multi-tenant or shared-tenant service provider is a person or firm that owns or manages a PBX-type switch and provides telephone services to tenants in a single building or complex of buildings on continuous property."

D.87-01-063 explicitly excludes CentraNet service from the STS guidelines. CentraNet service does not fall into the category of a PBX-type switch. A PBX-type switch is purchased or leased by the customer and is located on the customer's premises. In contrast, CentraNet equipment is located in Verizon's central office and calls are switched at Verizon's central office.

AMI's distribution of Verizon's CentraNet service to individual end-users is provided for in neither any Verizon tariff nor in the STS guidelines. AMI is in effect reselling Verizon CentraNet service in violation of the current Agreement between Verizon and AMI.³ This violation came to our attention in the course of investigating Verizon's advice letter. In light of this violation, Verizon has no basis for incorporating any of the STS guidelines into Addendum No. 2 to its Agreement with AMI. Verizon should be ordered to investigate AMI's improper provisioning of CentraNet service.

In its protest, RNS alleges that AMI, with Verizon's concurrence, is not abiding by a few of the STS guidelines. This resolution does not address these concerns as the CPUC's STS guidelines do not apply to the service Verizon is providing AMI nor to the contract governing that provision of service.

In addition to incorporating STS guidelines in Addendum No. 2, Verizon also improperly gives AMI control of the telephone numbers associated with CentraNet service. Provision 1.1 of Addendum No. 2 states:

"Telephone numbers are provided only for use with the Service and this Agreement. In the event the Service and/or this Agreement is terminated as to individual multiple end-users or in its entirety, telephone numbers will be returned to Verizon consistent with Verizon's tariff, Schedule Cal. P.U.C. D&R Rule No. 17."

Verizon bases this provision on the assumption that all end-users received their telephone numbers from AMI. However, according to the protestant, at least 50 end-users had established local exchange service with Contel or GTE prior to subscribing to service from AMI. Verizon corroborates this information in its communication with CPUC on November 22, 2002 by explaining that end-users have been allowed by Contel to associate their telephone number with AMI CentraNet service.

Provision 1.1 of Addendum No. 2 is a barrier to competition. The provision improperly forces end-users to relinquish their telephone numbers. In 1996 the Federal Communications Commission (FCC) implemented Local Number Portability (LNP)

³ Item number six of the Agreement between Verizon and AMI states "Customer shall not under any circumstances resell the Service provided under this Agreement."

rules in the interest of competition.⁴ LNP allows customers to switch between phone service providers while retaining their original telephone number. The FCC does not make exceptions for different types of services, such as CentraNet service. The majority of phone customers pay for this benefit each month as an LNP surcharge on their bill.

We recognize that the FCC's LNP rules apply only to carriers, and as a non-carrier, the rules do not apply to AMI. The rules do apply, however, to Verizon, and in our view, to the end-users of the service Verizon is selling to AMI.

Further, telephone numbers do not belong to any carrier or telephone customer. The FCC has held that telephone numbers are a public resource, which are assigned to carriers for the provision of service. Carriers in turn assign numbers to customers for the customers' use.⁵

Finally, provision 1.l is contrary to established practice. Until as recently as June 2002, individual end-users of AMI's service had been able to terminate service with AMI and transition to Verizon's tariffed residence service while retaining their original telephone number. And under Contel tariffs, individual end-users were not required to pay to re-establish local residence service. Verizon's Addendum No. 2 would suddenly and inexplicably change this fair and established practice.

We also find unacceptable Verizon's decision to redact the affected telephone numbers, with the exception of those numbers for which customers have chosen a nonpublished listing. It is true that customer names can be derived from customer telephone numbers through the use of a reverse directory. However, to our knowledge the customers did not request confidentiality and D.94-09-065 only allows customer names to be redacted at the customers' request. If customers have chosen a nonpublished listing (to mean, unavailable in both the telephone directory as well as through directory assistance), then they have for all intents and purposes requested confidentiality and it is appropriate to redact their telephone numbers from this filing.

In light of the above discussion of the facts, we find the Telecommunication Division's (TD) recommendation to deny Verizon's proposal in AL 10131 to be appropriate and reasonable.

The draft resolution of the TD in this matter was mailed to the parties on December 17, 2002 in accordance with PU Code Section 311(g)(1). Comments received on a timely basis will be addressed by the Telecommunications Division in this resolution.

⁴ *First Report and Order and Further Notice of Proposed Rulemaking*, CC Docket No. 95-116, FCC 96-286 (released: July 2, 1996).

⁵ FCC Notice of Proposed Rulemaking in the Matter of Numbering Resource Optimization, CC Docket No. 99-200 Released June 2, 1999 Paragraph 229

Commission denial of Verizon's proposals is based on the specifics of the AL and does not establish precedent for the contents of future filings or for Commission approval of similar requests.

Findings

1. Verizon's provisions in AL No. 10131 incorrectly apply Shared Tenant Services guidelines to its existing agreement with AMI.
2. Verizon should investigate AMI's compliance with the existing CentraNet service agreement and discontinue allowing AMI to resell Verizon CentraNet service to end-users.
3. As Shared Tenant Services guidelines do not apply to Verizon's agreement with AMI, this resolution does not address RNS' claim that AMI is in violation of the Shared Tenant Services guidelines.
4. Verizon's contract provision 1.1 in Addendum No. 2 incorrectly gives AMI control of the telephone numbers associated with CentraNet service.
5. Verizon's addendum would unfairly change Verizon's and its predecessors' customary practice of allowing AMI's end-users to retain their telephone number and return to Verizon's local exchange service at no additional charge.
6. Verizon's addendum would inhibit competition by forcing end-users to relinquish their telephone numbers when they terminate service with AMI in defiance of the FCC's Local Number Portability rules.
7. Verizon should not have redacted customer telephone numbers from its filing, with the exception of the numbers that are not included in the telephone directory nor in the directory assistance databases.

THEREFORE, IT IS ORDERED that:

- (1) Verizon's Addendum No. 2 in AL No. 10131 is denied because it incorrectly applies Shared Tenant Services guidelines to a CentraNet agreement. Moreover, the provisions guiding the transition of individual end-users from the CentraNet service to Verizon's tariffed residence service are contrary to established practice, would negatively impact end-users, and would effectively stymie competition.

- (2) Verizon shall investigate AMI's compliance with the existing CentraNet service agreement and discontinue allowing AMI to resell Verizon CentraNet service to end-users. Verizon shall, on or before February 16, 2003 inform the Director of the Telecommunications Division by letter of its findings and its compliance with this ordering paragraph.
- (3) Verizon shall allow AMI's end-users to transition to Verizon residence service while retaining their original telephone numbers and without imposing any additional charges.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on January 16, 2003. The following Commissioners approved it:

WESLEY M. FRANKLIN
Executive Director